

X5 RETAIL GROUP REPORTS Q1 2012 TRADING RESULTS⁽¹⁾:

Amsterdam, 11 April 2012 - X5 Retail Group N.V. (“X5” and/or the “Company”), Russia's largest retailer in terms of revenue (LSE ticker: “FIVE”), announced today its preliminary retail sales and operational performance for the first quarter (Q1) of 2012.

Q1 2012 Highlights

- Consolidated net retail sales increased 4.4% year-on-year (y-o-y) in Rouble (RUR) terms to RUR 116,879 million (mln) and 0.9% in US Dollar (USD) terms to USD 3,862 mln;
- Sales increase from organic expansion was 8.3% in RUR terms while like-for-like (LFL) sales declined by 3.9%;
- 137 stores added on net basis, including 126 soft discounters, seven supermarkets, 16 convenience stores and 12 store closures;
- Net addition of 42 thousand square meters (sq. m.) in selling space;
- Online retail business launched under “E5.ru” brand.

Andrei Gusev, X5 Retail Group CEO, commented:

“I am pleased to report that we have increased the amount of selling space added this quarter by over 160% y-o-y, positioning us for another record year of growth. With our margins intact and the improvements in March traffic, we are convinced that our strategy is on the right track.”

In 2011, the integration of the Kopeyka acquisition and new store openings resulted in a rapid increase of over 65% in the scale of our managed store base in just 12 months. Subsequently, the Company embarked on a transformation, organizing itself around formats that are even more customer focused and assembling a multi-national senior management team with the skills to take X5 to the next level of excellence.

We expect better quarter-on-quarter results in each of the formats for the remainder of 2012 driven by improving LFL’s, the growing sales contribution from new stores and stable macroeconomic environment. Based on these factors, we are confident in our ability to deliver sales growth of 15% to 20% in 2012 while maintaining EBITDA margins above 7%.”

⁽¹⁾ Numbers provided in this press release are preliminary and not reviewed.

Expansion⁽¹⁾

	31-Mar-12	Net Added Q1 2012 ⁽²⁾	31-Dec-11	% change vs 31-Dec-11	31-Mar-11	% change vs 31-Mar-11
Selling Space, sq. m.						
Hypermarkets	371,293	-	371,293	0.0%	351,753	5.6%
Supermarkets	354,408	7,142	347,266	2.1%	315,329	12.4%
Soft Discounters	1,028,986	32,931	996,055	3.3%	894,625	15.0%
Convenience stores	14,867	2,196	12,671	17.3%	9,315	59.6%
X5 Retail Group Total	1,769,555	42,269	1,727,285	2.4%	1,571,022	12.6%
# of Stores						
Hypermarkets	77	-	77	0.0%	71	8.5%
Supermarkets	337	7	330	2.1%	303	11.2%
Soft Discounters	2,643	118	2,525	4.7%	2,124	24.4%
Convenience stores	82	12	70	17.1%	47	74.5%
X5 Retail Group Total	3,139	137	3,002	4.6%	2,545	23.3%

At 31 March 2011, the total number of X5 Retail Group stores includes 652 Kopeyka stores, which were integrated starting from 1 April 2011; prior to that, the stores were managed by the Kopeyka team. The Company increased its managed store base by over 65% y-o-y, from 1,893 stores to 3,139 stores at 31 March 2012, including the 652 Kopeyka stores and 594 net stores from organic growth.

In Q1 2012, X5 added a net 137 stores, including 126 soft discounters, seven supermarkets, 16 convenience stores and 12 store closures resulting in a 42,269 sq. m., or 2.4%, net increase in total selling space compared to total selling space at 31 December 2011.

The increase was mainly focused on additions of new soft discounters in the lucrative Moscow & Central Region as well as the expansion of this format in other regions.

Our y-o-y selling space increased by a net 198,532 sq. m., or 12.6%, primarily driven by additions in selling space at our soft discounters, which increased by 15.0% y-o-y.

As at 31 March 2012, X5 was present in 567 locations of European Russia, the Urals and Ukraine, operating 3,139 stores in total (1,770 thousand sq. m. in selling space). This includes 2,643 Pyaterochka soft discounters, 337 Perekrestok supermarkets, 77 hypermarkets and 82 convenience stores.

⁽¹⁾ In this table, Kopeyka stores are consolidated across the formats (supermarkets and soft discounters) reflecting the rebranding to these formats from their original soft discounter format.

⁽²⁾ In Q1 2012, X5 closed eight soft discounters and four convenience stores due to underperformance with the respective efficiency criteria.

Net Retail Sales⁽¹⁾ Performance

Net Retail Sales Dynamics by Format⁽²⁾⁽³⁾

	Q1 2012	Q1 2011	% change, y-o-y
RUR mln			
Hypermarkets	15,165.6	16,351.7	(7.3%)
Supermarkets	25,873.5	25,153.4	2.9%
Soft Discounters	74,906.3	69,624.1	7.6%
Convenience stores	907.1	666.1	36.2%
Online ⁽⁴⁾	26.5	193.3	(86.3%)
Total X5 Net Retail Sales	116,879.0	111,988.6	4.4%
			% change, y-o-y
USD mln			
Hypermarkets	501.1	558.7	(10.3%)
Supermarkets	854.9	859.4	(0.5%)
Soft Discounters	2,475.1	2,378.7	4.1%
Convenience stores	30.0	22.8	31.7%
Online ⁽⁴⁾	0.9	6.6	(86.8%)
Total X5 Net Retail Sales	3,862.0	3,826.1	0.9%

On a consolidated basis, X5's net retail sales for Q1 2012 reached RUR 116,879 mln, or USD 3,862 mln, a y-o-y increase of 4.4% and 0.9%, respectively. The increase in net retail sales was primarily due to the 12.6% y-o-y expansion in selling space and the performance of maturing stores added over the past two years. The increase was impacted by the negative LFL performance of older stores partially due to underinvestment in advertising, which has been resolved with the launch of our new customer relations campaign.

We also increased our Q1 2012 RUR net retail sales in regions other than the Central and North-West regions, by 12.2% y-o-y, in line with X5's strategy to increase store concentration in the regions.

⁽¹⁾ Net retail sales represent revenue from operations of X5 managed stores net of VAT. This number differs from total net sales that also include revenue from franchisees (royalty payments) and other revenue. The total net sales number will be reported as part of Q1 2012 financial results.

⁽²⁾ Note that in this and other tables of this press release, immaterial deviations in calculation of % change, subtotals and totals are explained by rounding.

⁽³⁾ In this table Kopeyka stores sales are consolidated across the formats (supermarkets and soft discounters) reflecting the rebranding to these formats from their original soft discounter format.

⁽⁴⁾ We disposed of the online retail brands, "bolero.ru" and "003.ru" on 29 April 2011. In mid-February 2012, X5 launched "E5.ru" brand, the Company's revised online retail business model.

Average Ticket and Number of Customer Visits⁽¹⁾

	Q1 2012	Q1 2011	% change, y-o-y
<u>Average Ticket, RUR</u>			
Hypermarkets	599.1	632.0	(5.2%)
Supermarkets	420.0	407.2	3.1%
Soft Discounters	274.7	279.8	(1.8%)
Convenience stores	240.3	230.9	4.1%
Online ⁽²⁾	1,930.6	5,259.2	(63.3%)
Total	321.6	330.2	(2.6%)
<u>Average Ticket, USD</u>			
Hypermarkets	19.8	21.6	(8.3%)
Supermarkets	13.9	13.9	(0.2%)
Soft Discounters	9.1	9.6	(5.0%)
Convenience stores	7.9	7.9	0.7%
Online ⁽²⁾	63.8	179.7	(64.5%)
Total	10.6	11.3	(5.8%)
<u># of Customer Visits, mln</u>			
Hypermarkets	28.8	29.7	(3.0%)
Supermarkets	70.5	70.7	(0.4%)
Soft Discounters	311.1	283.2	9.8%
Convenience stores	4.4	3.3	32.7%
Online ⁽²⁾	0.02	0.04	(63.5%)
Total	414.7	386.9	7.2%

In Q1 2012, soft discounters, including Kopeyka stores, increased customer visits by 9.8% as compared to Q1 2011. The number of customer visits to soft discounters in March 2012 increased to 114 million visits, or by 13.9% compared to March 2011, and is evidence that growth is accelerating and our value proposition is appealing. The Company's y-o-y promo activity has increased at the format while the average ticket remained stable in RUR terms.

Supermarkets average RUR ticket was 3.1% higher in Q1 2012 versus Q1 2011 while traffic remained stable y-o-y.

The y-o-y results for hypermarkets reflect the changes occurring in their value proposition as the format establishes itself as a standalone business following its separation from supermarkets in Q4 2011.

⁽¹⁾ In this table Kopeyka stores are consolidated across the formats (supermarkets and soft discounters) reflecting the rebranding to these formats from their original soft discounter format.

⁽²⁾ We disposed of the online retail brands, "bolero.ru" and "003.ru" on 29 April 2011 and in mid-February 2012, X5 launched "E5.ru" brand, the Company's revised online retail business model.

LFL Sales Performance

X5's LFL sales in Q1 2012 declined by 3.9% in RUR terms, driven by a 4.6% decrease in customer traffic offset by a 0.7% increase in average basket.

LFL⁽¹⁾⁽²⁾ Store Performance

	Total LFL, %	Q1 2012 Traffic, %	Basket, %
Hypermarkets	(11.4)	(8.7)	(2.7)
Supermarkets	(3.4)	(6.6)	3.2
Soft Discounters	(2.4)	(3.7)	1.3
Convenience stores	4.5	(1.8)	6.3
X5 Retail Group Total	(3.9)	(4.6)	0.7

Our total LFL results were impacted by an exceptionally high base in 1Q 2011, which included LFL increases in soft discounters and supermarkets of 12% and 19%, respectively.

While our LFL traffic in Q1 2012 was negative, the 7.2% increase in our total traffic (see Average Ticket & Number of Customer Visits table, p.4) indicates the partial redistribution of our customers, which is characteristic of rapid growth.

Other factors that may have affected LFL traffic in Q1 2012 were specific to each of the main formats and included:

Soft discounters – amount of promotion and advertising. We are increasing these and already see improvements in the March 2012 total traffic results.

Supermarkets – high y-o-y base effect. In Q1 2011, we implemented an unusually aggressive pricing policy at our supermarkets, which while increasing traffic resulted in a disproportional decrease in margins. We have since rebalanced this policy and are comfortable with the format model's operating parameters.

Hypermarkets – the business model is in transition as we separate this format from that of supermarkets. In 2012, we are targeting growth in sales pro rata to the increase in selling space. We have preserved profitability, which will allow the new management structure to focus on pricing and assortment to establish a platform for increasing sales densities.

⁽¹⁾ LFL comparisons of retail sales between two periods are comparisons of retail sales in local currency (including VAT) generated by the relevant stores. The stores that are included in LFL comparisons are those that have operated for at least twelve full months preceding the beginning of the last month of the reporting period. Their sales are included in LFL calculation starting from the first day of the month following the month of the store opening. We include all stores that fit our LFL criteria in each reporting period.

⁽²⁾ Kopeyka stores are included in X5's LFL calculation since 1 January 2012.

Note to Editors:

Headquartered in Moscow, X5 Retail Group N.V. (LSE: FIVE, Moody's - "B2", S&P - "B+") is Russia's largest food retailer in terms of revenue. The Company operates several retail formats: the soft discounter chain under the Pyaterochka brand, the supermarket chain under the Perekrestok brand, the hypermarket chain under the Karusel brand, the online retail channel under E5.ru brand and convenience stores under various brands.

As at 31 March 2012, X5 had 3,139 Company-operated stores. It has the leading market position in both Moscow and St. Petersburg and a significant presence in the European part of Russia. Its store base includes 2,643 soft discounter stores, 337 supermarkets, 77 hypermarkets and 82 convenience stores. The Company operates 29 DCs and 1,392 Company-owned trucks across the Russian Federation.

X5 is run on an SAP platform.

As at 31 March 2012, X5's franchisees operated 434 stores across Russia.

For the full year 2010, net sales totaled USD 11,280 mln, EBITDA reached USD 844 mln, and net profit amounted to USD 271 mln. For the first nine months of 2011, net sales totaled USD 11,490 mln, EBITDA reached USD 786 mln and net profit amounted to USD 168 mln.

X5 Shareholder structure is as follows: Alfa Group – 47.86%, founders of Pyaterochka – 19.85%, X5 Management and/or Supervisory Board members – 0.12%, treasury shares – 0.11%, free float – 32.06%.

Forward looking statements:

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the fact that they do not only relate to historical or current events. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "expected", "plan", "goal", "believe", or other words of similar meaning.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, a number of which are beyond X5 Retail Group N.V.'s control. As a result, actual future results may differ materially from the plans, goals and expectations set out in these forward-looking statements.

Any forward-looking statements made by or on behalf of X5 Retail Group N.V. speak only as at the date of this announcement. Save as required by any applicable laws or regulations, X5 Retail Group N.V. undertakes no obligation publicly to release the results of any revisions to any forward-looking statements in this document that may occur due to any change in its expectations or to reflect events or circumstances after the date of this document.

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